



Missouri Department of Natural Resources Energy Center

MISSOURI ENERGY BULLETIN

September 7, 2006

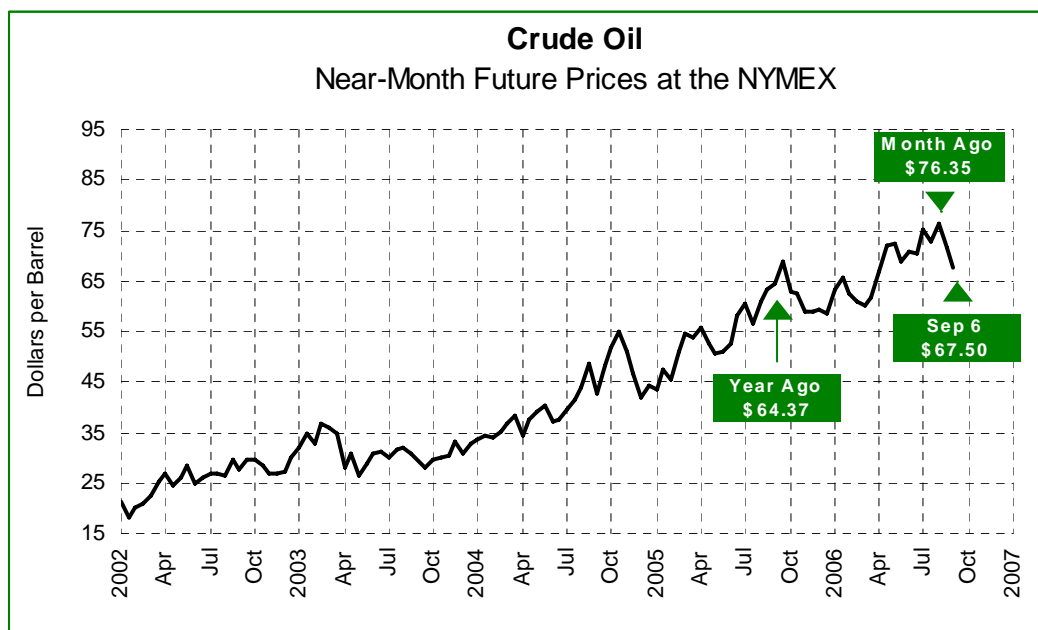
Crude Oil

On September 6, crude oil futures for October delivery on the NYMEX settled at \$67.50 per barrel in response to higher gasoline supplies and easing concerns over Iran oil exports.

Crude Oil - Near Month Future Prices (dollars per barrel)

	<u>09-06-06</u>	<u>08-09-06</u>	<u>change</u>	<u>09-07-05</u>	<u>change</u>
NYMEX	\$67.50	\$76.35	down 12%	\$64.37	up 5%

- Crude oil prices settled \$1.10 lower from the previous day at \$67.50 per barrel on Wednesday, September 6 following the U.S. Department of Energy's (USDOE) weekly storage report noting a rise in U.S. gasoline supplies and an expected decline in crude oil supplies. Easing concerns over a potential Iran oil embargo relating to its uranium enrichment activities, the possibility of an accelerated return in production of the Alaskan Prudhoe Bay oil field and lower-than-expected hurricane activity in the Gulf Region are pressuring oil prices lower.
- On September 5, a Chevron-led oil consortium discovered potentially the largest domestic oil field 270 miles off the coast of Texas and Louisiana and is expected to yield between 3 to 15 billion barrels of crude oil. At 15 billion barrels, the field would be the largest domestic oil field and increase U.S. oil reserves by 50 percent. The field lies nearly 4 miles beneath the ocean floor.



- For the week, U.S. refineries were again operating at near normal service at 94 percent capacity compared to last year's 87 percent following Hurricane Katrina. Additional gasoline production required higher refinery inputs that moved 0.2 million barrels higher for the week to nearly 16 million barrels of crude oil per day, or 1.4 million barrels per day higher when compared to the same period last year.
- At \$67.50 per barrel, crude prices have dropped over 11 percent in about a month and are now \$10 below the record high price set in mid-July and represents the lowest settlement price in the past 5 months.
- U.S. crude oil supplies decreased 2.2 million barrels to 330.6 million barrels for the week ending September 1, according to the USDOE. U.S. crude production remained steady at 5.1 million barrels per day and is significantly higher compared to last year's post-Katrina production at just 4.4 million barrels. Crude imports decreased slightly last week to 10.4 million barrels per day. At this time last year, crude imports were 9.5 million barrels per day.

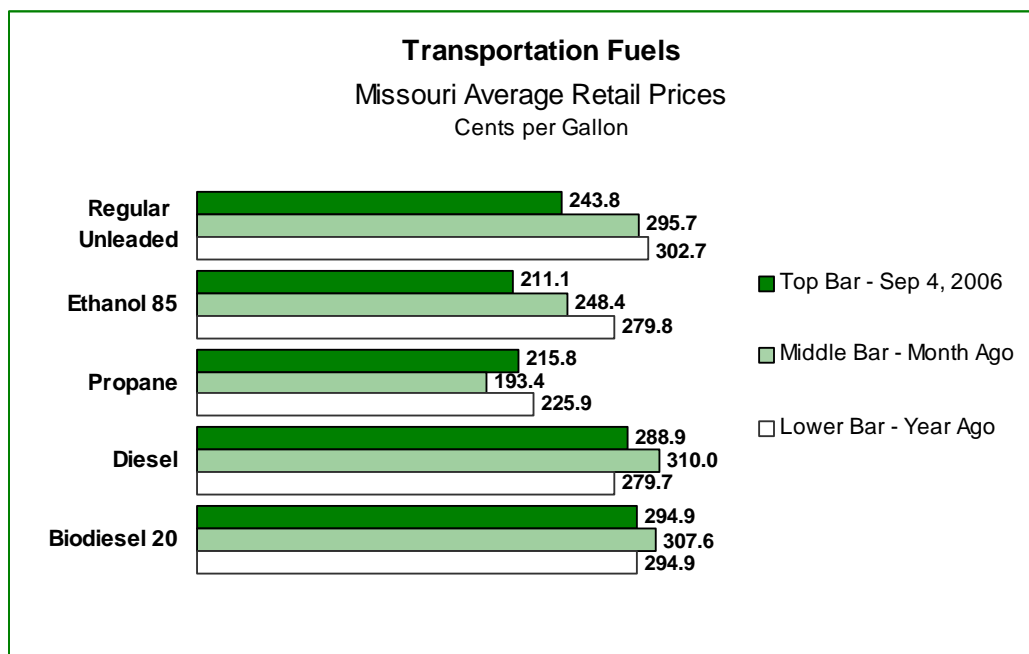
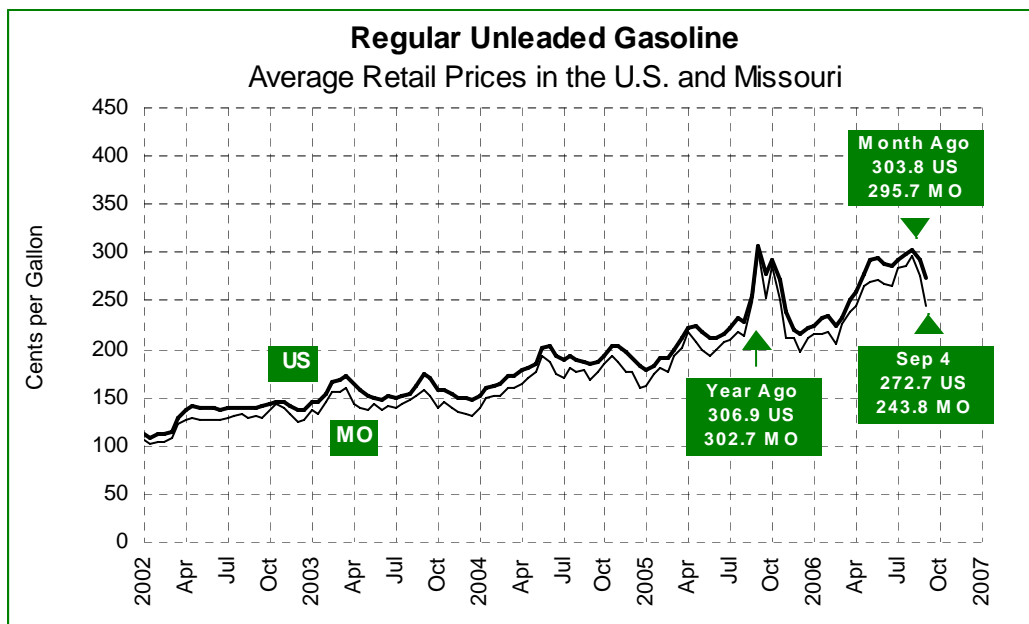
Transportation Fuels

On September 5, Missouri's average retail price for regular unleaded gasoline was \$2.44 per gallon, a decrease of \$0.52 or 18 percent since the first week of August and nearly \$0.60 or 19 percent lower than the average retail price a year ago.

<i>Regular Unleaded Gasoline - Retail Prices (cents per gallon)</i>					
	<u>09-04-06</u>	<u>08-07-06</u>	<u>change</u>	<u>09-05-05</u>	<u>change</u>
US	272.7	303.8	down 10%	306.9	down 11%
Missouri	243.8	295.7	down 18%	302.7	down 19%

<i>Diesel Fuel - Retail Prices (cents per gallon)</i>					
	<u>09-04-06</u>	<u>08-07-06</u>	<u>change</u>	<u>09-05-05</u>	<u>change</u>
US	296.7	305.5	down 3%	289.8	up 2%
Missouri	288.9	310.0	down 7%	279.7	up 3%

- On September 5, Missouri's statewide average gasoline retail price was down 52 cents while diesel retail prices decreased 21 cents from last month. Missouri gasoline prices are 19 percent lower while diesel fuel prices are 3 percent higher than last August. Missouri's average gasoline price is 29 cents lower than the U.S. average of \$2.73 per gallon and diesel prices are about 8 cents lower than the U.S. average of \$2.97 per gallon.
- Wholesale gasoline prices in Missouri continue their descent following the pricing footprints of crude oil. Missouri bulk terminal average rack prices are about \$1.72 per gallon (excluding federal and state excise tax), a price level not seen since late February 2006.
- Missouri's supply of diesel fuel continues to improve as the industry strives to meet new federal ultra-low-sulfur diesel (ULSD) requirements. Missouri bulk terminals are required to have supplies of ULSD available no later than September 1 and retail facilities are required to dispense ULSD by October 15. The transition from diesel fuel containing higher volumes of sulfur to ULSD containing less than 18 parts per million of sulfur required terminals to reduce their supplies of higher sulfur diesel fuel from their tanks to allow the new ULSD to be stored by the compliance date. This resulted in lower diesel supplies this summer and with the seasonal increase in diesel demand for crop harvests, a combination that helped to support higher diesel prices.



Motor Gasoline - Total Stocks (millions of barrels)					
US	09-01-06	08-04-06	change	09-02-05	change
	206.9	207.7	down 1%	190.1	up 9%

- U.S. gasoline supplies improved 0.7 million barrels from a week ago to 206.9 million barrels and are 16.8 million barrels higher than last year's level at this time, trending above the five-year average.
- Implied demand for gasoline on a four-week average increased to 9.6 million barrels, a very robust figure for this time of year. Gasoline demand is approximately 7 percent higher compared to the same period last year in the aftermath of Hurricane Katrina and record setting retail prices.

Regular Unleaded Gasoline Average Retail Prices in the U.S., Midwest, Missouri and Missouri Regions

Sep 4, 2006 Fuel Data in Cents per Gallon

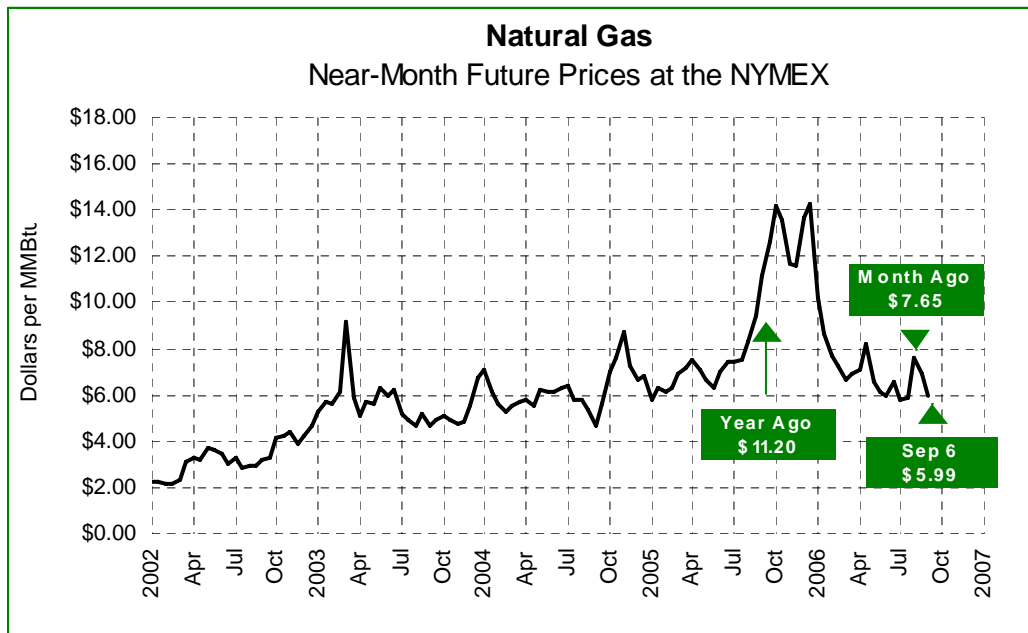
U.S.	272.7
Midwest	259.8
Missouri	243.8
Central, M o.	247.2
Kansas City, M o.	244.5
Northeast, M o.	245.9
Northwest, M o.	250.3
St. Louis, M o.	241.0
Southeast, M o.	236.8
Southwest, M o.	246.0

Natural Gas

On September 6, natural gas futures closed at \$5.99 per MMBtu, down \$1.66 or 22 percent from early August and \$5.21 or 47 percent lower than last year at this time.

Natural Gas - Near Month Future Prices (dollars per mmbtu)

	<u>09-06-06</u>	<u>08-09-06</u>	<u>change</u>	<u>09-07-05</u>	<u>change</u>
NYMEX	\$5.99	\$7.65	down 22%	\$11.20	down 47%



- The NYMEX futures contract for October delivery settled at \$5.99 per MMBtu on Wednesday, September 6, down 30 cents on the week. Prices were down \$5.21 representing a 47 percent decrease in the settlement price of \$11.20 a year ago at this time. Moderate temperatures, good supplies and a

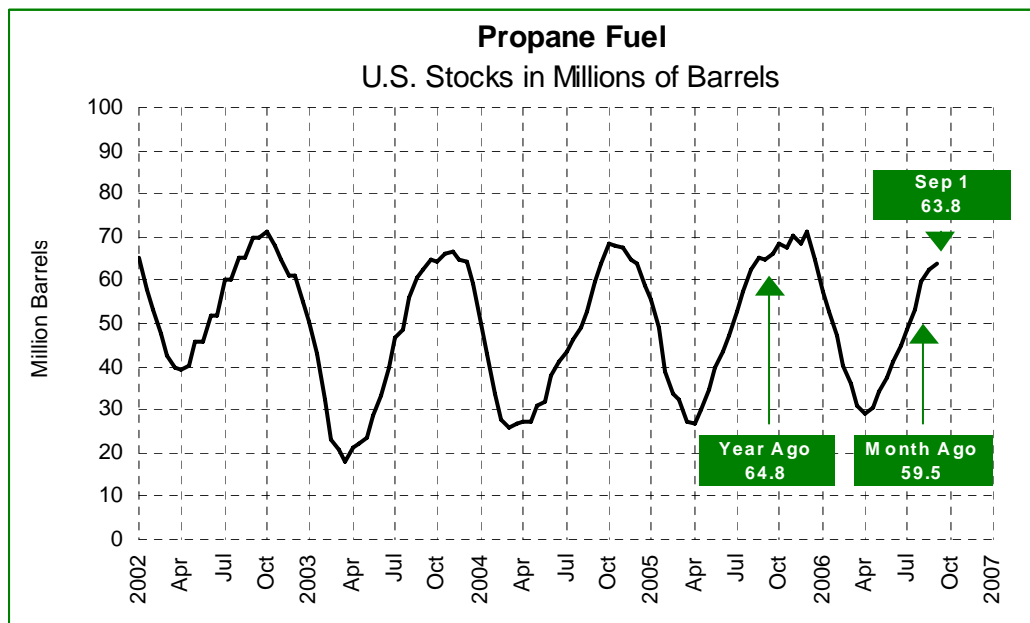
decline in industrial demand during the holiday-shortened week were attributed to the price decline.

- The futures contracts for January through March 2007 remained relatively strong at over \$10 per MMBtu. The February 2007 contract closed at \$10.62 per MMBtu, the highest-priced contract in the 12-month strip.
- Working gas in storage as of September 1 totaled 2,976 Bcf, which is 12.1 percent above the 5-year average inventory level for the week according to EIA's *Weekly Natural Gas Storage Report*. Supplies were 312 Bcf higher than last year at this time and 322 Bcf above the 5-year average of 2,654 Bcf.

Propane (Please note that Missouri summer propane prices are updated monthly from April – September)

On September 5, Missouri's average residential price for propane was nearly \$1.64 per gallon, an increase of 1 cent from last month and 6.5 cents or 4 percent from this time last year.

<i>Propane - Residential Prices (cents per gallon)</i>					
	<u>09-04-06</u>	<u>08-07-06</u>	<u>change</u>	<u>09-05-05</u>	<u>change</u>
Missouri	163.8	162.8	up 1%	157.3	up 4%



- According to the Missouri Energy Center's monthly summer propane survey, the average retail price for residential propane was approximately \$1.64 per gallon on September 5 compared to \$1.63 per gallon on August 7. The current price is 6.5 cents or 4 percent higher than at this time last year.
- About 5.6 million barrels of propane were added to the nation's inventory and now stands at 63.8 million barrels as of September 1. Current U.S. propane supplies are about 1 million barrels lower than at this time last year. Midwest inventories improved by 80,000 barrels to nearly 25.5 million barrels last week compared to 23.4 million barrels at this time last year.

The Missouri Energy Bulletin is distributed twice a month by the Missouri Department of Natural Resources, Energy Center. The Energy Center collects transportation and propane heating fuel prices from several retail providers located throughout the state. To preserve confidentiality, price data are averaged and reported by region. The Bulletin is a public resource made available to state government decision-makers, other interested individuals upon request and on-line at the Energy Center Internet address. The department thanks each of the following in helping to provide accurate, timely data on fuel supplies and prices: the U.S. Department of Energy's Energy Information Administration; the National Association of State Energy Officials; the St. Louis AAA Auto Club; regional state energy offices; and Missouri's energy retailers. For more information, contact: MO Dept. of Natural Resources, Energy Center, P.O. Box 176, Jefferson City, MO 65102-0176; Phone: (573) 751-3443 or (800) 361-

